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(Original Signature of Member)

118TH CONGRESS  
1ST SESSION

**H. R.**

To amend title 5, United States Code, to prohibit investments under the Thrift Savings Plan in certain mutual funds that make investment decisions based primarily on environmental, social, or governance criteria, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. ROY introduced the following bill; which was referred to the Committee  
on \_\_\_\_\_

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**A BILL**

To amend title 5, United States Code, to prohibit investments under the Thrift Savings Plan in certain mutual funds that make investment decisions based primarily on environmental, social, or governance criteria, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “No ESG at TSP Act”.

1 **SEC. 2. PROHIBITION ON CERTAIN MUTUAL FUNDS UNDER**  
2 **THE THRIFT SAVINGS PLAN.**

3 (a) DEFINITIONS.—In this section:

4 (1) BOARD; EXECUTIVE DIRECTOR.—The terms  
5 “Board” and “Executive Director” have the mean-  
6 ings given those terms in section 8401 of title 5,  
7 United States Code.

8 (2) COVERED SUM.—The term “covered sum”  
9 means any sum of the Thrift Savings Fund that is  
10 invested in a mutual fund, exchange-traded fund, or  
11 other investment vehicle described in subparagraph  
12 (E) or (F) of section 8438(b)(5) of title 5, United  
13 States Code, as added by subsection (b).

14 (3) MUTUAL FUND WINDOW.—The term “mu-  
15 tual fund window” means the mutual fund window  
16 added by the Board pursuant to the authorization  
17 under section 8438(b)(5) of title 5, United States  
18 Code.

19 (4) PARTICIPANT.—The term “participant” has  
20 the meaning given the term in section 8471 of title  
21 5, United States Code.

22 (5) THRIFT SAVINGS FUND.—The term “Thrift  
23 Savings Fund” means the fund established under  
24 section 8437 of title 5, United States Code.

25 (b) PROHIBITION.—

1           (1) IN GENERAL.—Section 8438(b)(5) of title  
2           5, United States Code, is amended by adding at the  
3           end the following:

4           “(E) The Board may not offer through the mutual  
5           fund window any mutual fund, exchange-traded fund (as  
6           defined in section 270.6c–11 of title 17, Code of Federal  
7           Regulations, or any successor regulation), or other invest-  
8           ment vehicle that invests in bonds or equities and that  
9           makes investment decisions based on ESG criteria, to the  
10          extent that those criteria are unrelated to maximizing  
11          monetary returns for investors.

12          “(F) The Board may not offer through the mutual  
13          fund window any mutual fund, exchange-traded fund (as  
14          defined in section 270.6c–11 of title 17, Code of Federal  
15          Regulations, or any successor regulation), or other invest-  
16          ment vehicle that is marketed as making investment deci-  
17          sions based on ESG criteria.

18          “(G) In this paragraph, the term ‘ESG criteria’  
19          means any of the following criteria:

20                 “(i) Environmental criteria, including—

21                         “(I) emissions, climate change, sustain-  
22                         ability, environmental justice, pollution, or con-  
23                         servation; or

24                         “(II) whether a company is engaged in the  
25                         exploration, production, utilization, transpor-

1           tation, sale, or manufacturing of fossil fuel-  
2           based energy.

3           “(ii) Social criteria, including—

4                 “(I) diversity criteria, including—

5                         “(aa) the sex, race, ethnicity, gender  
6                         identity, sexual orientation, or socio-  
7                         economic status of the owners, board mem-  
8                         bers, employees, or customers of compa-  
9                         nies; or

10                         “(bb) whether the board members,  
11                         employees, or customers described in item  
12                         (aa) are members of a labor organization  
13                         (as that term is defined in section 2 of the  
14                         National Labor Relations Act (29 U.S.C.  
15                         152)); or

16                         “(II) whether a company is engaged in the  
17                         manufacture, transportation, or sale of fire-  
18                         arms, firearms accessories, or ammunition.

19                         “(iii) Political criteria, including the perceived  
20                         or actual political affiliations, donations, or associa-  
21                         tions of companies.

22                         “(iv) Criteria for corporate governance stand-  
23                         ards that differ from the applicable standards re-  
24                         quired under State and Federal law, as in effect on  
25                         the date of the enactment of this subparagraph.”.

1           (2) REVIEW AND REMOVAL.—The Executive Di-  
2           rector shall establish a process through which, dur-  
3           ing the period beginning on the date of enactment  
4           of this Act and ending on the effective date de-  
5           scribed in subsection (c), members of the Board  
6           shall—

7                   (A) identify investment vehicles that—

8                           (i) were added to the mutual fund  
9                           window pursuant to the rule entitled “Mu-  
10                           tual Fund Window” (87 Fed. Reg. 27917  
11                           (effective June 1, 2022)); and

12                           (ii) would violate subparagraph (E) or  
13                           (F) of section 8438(b)(5) of title 5, United  
14                           States Code, as added by paragraph (1);  
15                           and

16                   (B) remove from the mutual fund window  
17                   all investment vehicles identified under subpara-  
18                   graph (A).

19           (3) EXISTING INVESTMENTS IN IMPERMISSIBLE  
20           MUTUAL FUNDS.—

21                   (A) NOTICE.—Not later than 30 days after  
22                   the effective date described in subsection (c),  
23                   the Executive Director shall notify each partici-  
24                   pant of the option to make an election under  
25                   subparagraph (B).

1           (B) ELECTION.—During the 90-day period  
2 beginning on the day after the date on which  
3 the 30-day period described in subparagraph  
4 (A) ends, a participant may elect to have any  
5 covered sums credited to the account of that in-  
6 dividual in the Thrift Savings Fund reinvested  
7 in accordance with section 8438 of title 5,  
8 United States Code, as amended by paragraph  
9 (1).

10           (C) MANDATORY REINVESTMENT.—Begin-  
11 ning on the day after the date on which the 90-  
12 day period described in subparagraph (B) ends,  
13 the Board shall ensure that all covered sums  
14 with respect to which elections have not been  
15 made under that subparagraph are invested in  
16 the Government Securities Investment Fund es-  
17 tablished under section 8438(b)(1)(A) of title 5,  
18 United States Code.

19           (4) ENFORCEMENT.—Section 8477(e)(3) of  
20 title 5, United States Code, is amended—

21           (A) in subparagraph (B)(iii), by striking  
22 “or” at the end;

23           (B) in subparagraph (C)(ii), by striking  
24 the period at the end and inserting “; or”; and

25           (C) by adding at the end the following:

1           “(D) by any participant or beneficiary  
2           against the Board—

3           “(i) to obtain any appropriate equi-  
4           table relief to redress a violation of sub-  
5           paragraph (E) or (F) of section  
6           8438(b)(5);

7           “(ii) to enjoin any act or practice  
8           which violates subparagraph (E) or (F) of  
9           section 8438(b)(5); or

10           “(iii) to obtain actual or compensatory  
11           damages to redress a violation of subpara-  
12           graph (E) or (F) of section 8438(b)(5).”.

13           (c) EFFECTIVE DATE.—The amendments made by  
14           paragraphs (1) and (4) of subsection (b) shall take effect  
15           on the date that is 90 days after the date of enactment  
16           of this Act.